

ANNUAL STATEMENT

OF THE

Wausau General Insurance Company

of **Wausau**

in the state of **Wisconsin**

TO THE

Insurance Department

OF THE

STATE OF

FOR THE YEAR ENDED
December 31, 2005

PROPERTY AND CASUALTY

2005



26425200520100100

ANNUAL STATEMENT
For the Year Ended December 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
Wausau General Insurance Company

NAIC Group Code	0111	0111	NAIC Company Code	26425	Employer's ID Number	36-2753986
	(Current Period)	(Prior Period)				
Organized under the Laws of	Wisconsin			, State of Domicile or Port of Entry Wisconsin		
Country of Domicile	United States of America					
Incorporated/Organized:	October 10, 1972			Commenced Business: November 29, 1972		
Statutory Home Office:	2000 Westwood Drive Wausau, WI 54401					
Main Administrative Office:	2000 Westwood Drive Wausau, WI 54401 715-845-5211					
Mail Address:	Post Office Box 8017 Wausau, WI 54402-8017					
Primary Location of Books and Records:	175 Berkeley Street Boston, MA 02117 617-357-9500					
Internet Website Address:	www.wausau.com					
Statutory Statement Contact:	Douglas Link			617-357-9500 45668		
	Douglas.Link@LibertyMutual.com			617-574-5955		
	(E-Mail Address)			(Fax Number)		
Policyowner Relations Contact:	2000 Westwood Drive Wausau, WI 54401 715-845-5211 6570					

OFFICERS

Name	Title
1. Mark Edward Fiebrink #	President and Chief Operating Officer
2. James Stanley Hoffert	Vice President-General Counsel and Secretary
3. Laurance Henry Soyer Yahia	Vice President and Treasurer

Vice-Presidents

Name	Title	Name	Title
Susan Marie Doyle	EVP GM Field Operations	George Juzdan	Sr Vice President GM Eastern Div.
David Lee Lancaster	Sr Vice President GM Signature Div.	Michael Lynn Parker	Sr Vice President GM Western Div.
Richard Vincent Poirier	Sr Vice President GM Claims	Mark Alan Steinberg	Sr Vice President WSA
Timothy Charlers Mulloy #	Sr Vice President GM National Broker Div.		

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Mark Edward Fiebrink #	Gary Richard Gregg	Edmund Francis Kelly
Dennis James Langwell	Christopher Charles Mansfield	Stuart Michael McGuigan	

State of Wisconsin
County of Marathon ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Mark Edward Fiebrink	James Stanley Hoffert	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Operating Officer	Vice President-General Counsel and Secretary	Vice President and Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	YES [] NO [X]
26th day of January, 2006	b. If no:	1. State the amendment number 1
		2. Date filed 03/06/2006
		3. Number of pages attached 2

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	114,962,286		114,962,286	111,483,651
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 543,914 , Schedule E-Part 1), cash equivalents (\$ 782,235 Schedule E-Part 2) and short-term investments (\$ 5,614,687 , Schedule DA)	6,940,836		6,940,836	9,488,080
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				1,049,695
8. Receivables for securities	5,134		5,134	808
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	121,908,256		121,908,256	122,022,234
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	1,163,057		1,163,057	1,095,444
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	2,912,163	114,797	2,797,366	2,685,559
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	8,279,130		8,279,130	7,663,113
13.3 Accrued retrospective premiums	3,133,118	316,715	2,816,403	3,067,317
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	14,120	14,120		
16.1 Current federal and foreign income tax recoverable and interest thereon	318,381		318,381	
16.2 Net deferred tax asset	4,797,000	1,490,115	3,306,885	2,881,921
17. Guaranty funds receivable or on deposit	226,490		226,490	225,125
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	2,416,172		2,416,172	
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	2,320,767	142,664	2,178,103	1,939,202
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	147,488,654	2,078,411	145,410,243	141,579,915
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	147,488,654	2,078,411	145,410,243	141,579,915

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	296,491	105,450	191,041	134,130
2302. Cash surrender value - life Insurance	860,338		860,338	757,637
2303. Equities and deposits in pools & associations	125,908		125,908	120,763
2398. Summary of remaining write-ins for Line 23 from overflow page	1,038,030	37,214	1,000,816	926,672
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,320,767	142,664	2,178,103	1,939,202

LIABILITIES, SURPLUS AND OTHER FUNDS	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 34, Column 8)	56,828,547	53,560,966
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	11,638,987	10,216,078
4. Commissions payable, contingent commissions and other similar charges	565,026	544,154
5. Other expenses (excluding taxes, licenses and fees)	1,596,360	1,962,914
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,198,837	1,214,234
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		15,615
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 4,096,158 and including warranty reserves of \$ 0)	16,797,204	16,135,678
10. Advance premium	205,768	150,007
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	13,963	44,046
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	387,273	283,560
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	1,887,179	1,472,290
19. Payable to parent, subsidiaries and affiliates	2,578,575	2,902,790
20. Payable for securities		701
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	(2,093,312)	1,687,839
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	91,604,407	90,190,872
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	91,604,407	90,190,872
27. Aggregate write-ins for special surplus funds	4,699,083	4,557,481
28. Common capital stock	2,000,000	2,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	37,000,000	37,000,000
33. Unassigned funds (surplus)	10,106,753	7,831,562
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	53,805,836	51,389,043
36. TOTALS (Page 2, Line 26, Col. 3)	145,410,243	141,579,915

DETAILS OF WRITE-INS		
2301. Amounts held under uninsured plans	2,846,748	2,692,530
2302. Other liabilities	974,571	858,176
2303. Collateral held for securities loaned	3,114,676	6,977,796
2398. Summary of remaining write-ins for Line 23 from overflow page	(9,029,307)	(8,840,663)
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(2,093,312)	1,687,839
2701. Special surplus from retroactive reinsurance	4,699,083	4,557,481
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	4,699,083	4,557,481
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME		
	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	41,438,764	38,803,786
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	26,428,745	25,796,582
3. Loss expenses incurred (Part 3, Line 25, Column 1)	7,810,850	6,331,102
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	10,334,567	9,691,711
5. Aggregate write-ins for underwriting deductions		(7,487)
6. Total underwriting deductions (Lines 2 through 5)	44,574,162	41,811,908
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(3,135,398)	(3,008,122)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,092,721	6,036,518
10. Net realized capital gains (losses) less capital gains tax of \$ 145,133 (Exhibit of Capital Gains (Losses))	269,532	859,726
11. Net investment gain (loss) (Lines 9 + 10)	6,362,253	6,896,244
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 6,757 amount charged off \$ 150,845)	(144,087)	(186,830)
13. Finance and service charges not included in premiums	226,769	237,831
14. Aggregate write-ins for miscellaneous income	(514,896)	(787,967)
15. Total other income (Lines 12 through 14)	(432,214)	(736,966)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	2,794,641	3,151,156
17. Dividends to policyholders	144,432	157,730
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	2,650,209	2,993,426
19. Federal and foreign income taxes incurred	726,183	261,470
20. Net income (Line 18 minus Line 19) (to Line 22)	1,924,026	2,731,956
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	51,389,043	48,848,338
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	1,924,026	2,731,956
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (19,123)	(35,514)	
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	284,877	573,056
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	171,452	(816,153)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	71,953	51,846
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,416,794	2,540,705
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	53,805,837	51,389,043

DETAILS OF WRITE-INS		
0501. NC private passenger auto escrow		(7,487)
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		(7,487)
1401. Other income / (expense)	(639,004)	(882,480)
1402. Retroactive reinsurance gain / (loss)	124,108	94,513
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(514,896)	(787,967)
3701. Other surplus adjustments		51,846
3702. Change in accumulated translation adjustment	71,953	
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)	71,953	51,846

CASH FLOW		
Cash from Operations		
	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	41,740,250	38,959,957
2. Net investment income	6,161,510	6,193,523
3. Miscellaneous income	(269,903)	219,262
4. Total (Lines 1 through 3)	47,631,857	45,372,742
5. Benefit and loss related payments	22,721,322	25,133,327
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	16,738,689	16,013,367
8. Dividends paid to policyholders	174,514	127,717
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	1,205,313	543,533
10. Total (Lines 5 through 9)	40,839,838	41,817,944
11. Net cash from operations (Line 4 minus Line 10)	6,792,019	3,554,798
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	21,614,613	44,205,118
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	1,079,030	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		274,895
12.8 Total investment proceeds (Lines 12.1 to 12.7)	22,693,643	44,480,013
13. Cost of investments acquired (long-term only):		
13.1 Bonds	24,898,958	53,677,035
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	5,027	
13.7 Total investments acquired (Lines 13.1 to 13.6)	24,903,985	53,677,035
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,210,342)	(9,197,022)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(7,128,921)	8,694,217
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(7,128,921)	8,694,217
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,547,244)	3,051,993
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	9,488,080	6,436,087
19.2 End of year (Line 18 plus Line 19.1)	6,940,836	9,488,080

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	880,772	373,117	500,827	753,062
2. Allied lines	283,269	136,443	162,084	257,628
3. Farmowners multiple peril	30			30
4. Homeowners multiple peril	5,098,218	2,760,144	2,967,560	4,890,802
5. Commercial multiple peril	612,281	339,017	422,408	528,890
6. Mortgage guaranty				
8. Ocean marine	100,011	168,012	51,157	216,866
9. Inland marine	633,887	143,846	133,557	644,176
10. Financial guaranty				
11.1 Medical malpractice - occurrence	15	4		19
11.2 Medical malpractice - claims-made				
12. Earthquake	100,885	56,421	48,843	108,463
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	790	35	262	563
16. Workers' compensation	14,094,065	(1,041,302)	(490,282)	13,543,045
17.1 Other liability - occurrence	2,024,891	615,695	694,729	1,945,857
17.2 Other liability - claims-made	723,306	262,874	318,330	667,850
18.1 Products liability - occurrence	464,585	35,252	183,458	316,379
18.2 Products liability - claims-made	13,937		10	13,927
19.1, 19.2 Private passenger auto liability	8,815,106	4,667,534	4,466,505	9,016,135
19.3, 19.4 Commercial auto liability	1,814,748	547,902	518,796	1,843,854
21. Auto physical damage	5,313,674	3,136,311	3,108,960	5,341,025
22. Aircraft (all perils)	265,578	74,766	66,394	273,950
23. Fidelity	18,171	7,366	8,687	16,850
24. Surety	779,713	397,163	450,810	726,066
26. Burglary and theft	2,741	1,173	1,285	2,629
27. Boiler and machinery	15,480	4,418	6,682	13,216
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	111,048	10,457	19,724	101,781
31. Reinsurance-Nonproportional Assumed Liability	217,162	28,637	23,300	222,499
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	42,384,363	12,725,285	13,664,086	41,445,562

DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience.

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	453,667	47,160			500,827
2. Allied lines	151,063	11,021			162,084
3. Farmowners multiple peril					
4. Homeowners multiple peril	2,953,937	13,623			2,967,560
5. Commercial multiple peril	420,785	1,623			422,408
6. Mortgage guaranty					
8. Ocean marine	47,506	3,651			51,157
9. Inland marine	125,556	8,001			133,557
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	46,448	2,395			48,843
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	262				262
16. Workers' compensation	2,027,502	122,551		(2,640,337)	(490,284)
17.1 Other liability - occurrence	718,202	165,833		(189,306)	694,729
17.2 Other liability - claims-made	268,808	49,522			318,330
18.1 Products liability - occurrence	136,568	121,457		(74,566)	183,459
18.2 Products liability - claims-made	10				10
19.1, 19.2 Private passenger auto liability	4,453,968	12,537			4,466,505
19.3, 19.4 Commercial auto liability	754,055	639		(235,897)	518,797
21. Auto physical damage	3,094,692	14,276		(8)	3,108,960
22. Aircraft (all perils)	69,136	(2,742)			66,394
23. Fidelity	8,130	557			8,687
24. Surety	255,956	187,859		6,995	450,810
26. Burglary and theft	1,285				1,285
27. Boiler and machinery	6,672	10			6,682
28. Credit	(298)	298			
29. International					
30. Reinsurance-Nonproportional Assumed Property	19,711	13			19,724
31. Reinsurance-Nonproportional Assumed Liability	22,952	348			23,300
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	16,036,573	760,632		(3,133,119)	13,664,086
35. Accrued retrospective premiums based on experience					3,133,118
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					16,797,204

DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.
Are they so returned in this statement? Yes [X] No []
- (b) State here basis of computation used in each case Daily pro rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees
Written and Renewed During Year

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire		880,772				880,772
2. Allied lines		283,269				283,269
3. Farmowners multiple peril		30				30
4. Homeowners multiple peril		5,098,218				5,098,218
5. Commercial multiple peril		612,281				612,281
6. Mortgage guaranty						
8. Ocean marine		100,011				100,011
9. Inland marine		633,887				633,887
10. Financial guaranty						
11.1 Medical malpractice - occurrence		15				15
11.2 Medical malpractice - claims-made						
12. Earthquake		100,885				100,885
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		790				790
16. Workers' compensation	19,538,347	14,094,065		19,538,347		14,094,065
17.1 Other liability - occurrence		2,024,891				2,024,891
17.2 Other liability - claims-made		723,306				723,306
18.1 Products liability - occurrence		464,585				464,585
18.2 Products liability - claims-made		13,937				13,937
19.1, 19.2 Private passenger auto liability		8,815,106				8,815,106
19.3, 19.4 Commercial auto liability		1,814,748				1,814,748
21. Auto physical damage		5,313,674				5,313,674
22. Aircraft (all perils)		265,578				265,578
23. Fidelity		18,171				18,171
24. Surety		779,713				779,713
26. Burglary and theft		2,741				2,741
27. Boiler and machinery		15,480				15,480
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	111,048				111,048
31. Reinsurance-Nonproportional Assumed Liability	X X X	217,162				217,162
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	19,538,347	42,384,363		19,538,347		42,384,363

DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [X] No []

If yes: 1. The amount of such installment premiums \$ 18,686,549

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 20,764,777

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire		316,441		316,441	442,035	287,420	471,056	62.552
2. Allied lines		322,302		322,302	243,433	163,663	402,072	156.067
3. Farmowners multiple peril								
4. Homeowners multiple peril		3,209,102		3,209,102	1,021,358	1,236,843	2,993,617	61.209
5. Commercial multiple peril		493,300		493,300	930,088	1,021,415	401,973	76.003
6. Mortgage guaranty								
8. Ocean marine		60,105		60,105	177,854	256,066	(18,107)	(8.349)
9. Inland marine		325,568		325,568	372,989	171,478	527,079	81.822
10. Financial guaranty								
11.1 Medical malpractice - occurrence		541		541	(260)	441	(160)	(842.105)
11.2 Medical malpractice - claims - made								
12. Earthquake		2,469		2,469	2,620	5,145	(56)	(0.052)
13. Group accident and health		3,097		3,097	14,849	15,524	2,422	
14. Credit accident and health (group and individual)								
15. Other accident and health		2,753		2,753	13,756	14,451	2,058	365.542
16. Workers' compensation	9,094,312	6,700,263	9,094,312	6,700,263	31,355,795	28,094,225	9,961,833	73.557
17.1 Other liability - occurrence	(36,442)	1,538,387	(36,442)	1,538,387	6,948,804	6,861,779	1,625,412	83.532
17.2 Other liability - claims - made		8,198		8,198	1,147,719	848,626	307,291	46.012
18.1 Products liability - occurrence	14,510	249,272	14,510	249,272	1,657,395	2,236,450	(329,783)	(104.237)
18.2 Products liability - claims - made		2,677		2,677	29,585	21,613	10,649	76.463
19.1, 19.2 Private passenger auto liability		5,516,564		5,516,564	7,785,821	7,978,547	5,323,838	59.048
19.3, 19.4 Commercial auto liability		932,339		932,339	2,602,661	2,405,596	1,129,404	61.252
21. Auto physical damage		2,711,037		2,711,037	(154,885)	(196,165)	2,752,317	51.532
22. Aircraft (all perils)		93,928		93,928	265,987	252,994	106,921	39.029
23. Fidelity		103		103	40,593	29,683	11,013	65.359
24. Surety		206,687		206,687	237,404	262,883	181,208	24.958
26. Burglary and theft		521		521	8,063	7,669	915	34.804
27. Boiler and machinery		2,155		2,155	(2,003)	416	(264)	(1.998)
28. Credit					56	60	(4)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	164,885		164,885	561,818	474,937	251,766	247.361
31. Reinsurance-Nonproportional Assumed Liability	X X X	271,856		271,856	1,115,678	1,101,740	285,794	128.447
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	378		378	9,334	7,468	2,244	
33. Aggregate write-ins for other lines of business								
34. TOTALS	9,072,380	23,134,928	9,072,380	23,134,928	56,828,547	53,560,967	26,402,508	63.704

DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1. Fire		303,376		303,376	4,560	138,659	4,560	442,035	40,874
2. Allied lines		221,178		221,178	27,829	22,255	27,829	243,433	26,601
3. Farmowners multiple peril									354
4. Homeowners multiple peril		351,072		351,072		670,286		1,021,358	285,839
5. Commercial multiple peril	7,501	808,136	7,501	808,136	1,836,377	121,952	1,836,377	930,088	341,108
6. Mortgage guaranty									
8. Ocean marine		133,005		133,005		44,849		177,854	40,279
9. Inland marine		133,882		133,882	311	239,107	311	372,989	36,100
10. Financial guaranty									
11.1 Medical malpractice - occurrence		1,062		1,062		(1,322)		(260)	22
11.2 Medical malpractice - claims - made									
12. Earthquake		957		957		1,663		2,620	394
13. Group accident and health		7,331		7,331		7,518		(a) 14,849	1,146
14. Credit accident and health (group and individual)									
15. Other accident and health		3,345		3,345		10,411		(a) 13,756	461
16. Workers' compensation	22,510,892	21,023,867	22,510,892	21,023,867	7,577,592	10,331,928	7,577,592	31,355,795	3,692,460
17.1 Other liability - occurrence	48,812	4,144,258	48,812	4,144,258	1,538,110	2,804,546	1,538,110	6,948,804	3,088,272
17.2 Other liability - claims - made		389,444		389,444		758,275		1,147,719	347,150
18.1 Products liability - occurrence	364,300	564,862	364,300	564,862	267,481	1,092,533	267,481	1,657,395	983,078
18.2 Products liability - claims - made		13,251		13,251		16,334		29,585	18,704
19.1, 19.2 Private passenger auto liability		5,155,655		5,155,655		2,630,166		7,785,821	1,862,109
19.3, 19.4 Commercial auto liability		1,238,043		1,238,043	32	1,364,618	32	2,602,661	392,564
21. Auto physical damage		(1,470)		(1,470)		(153,415)		(154,885)	282,914
22. Aircraft (all perils)		163,009		163,009		102,978		265,987	47,652
23. Fidelity		3,656		3,656		36,937		40,593	9,252
24. Surety		49,610		49,610		187,794		237,404	94,630
26. Burglary and theft		1,076		1,076		6,987		8,063	901
27. Boiler and machinery		28		28	19	(2,031)	19	(2,003)	1,874
28. Credit						56		56	3
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	354,447		354,447	X X X	207,371		561,818	9,537
31. Reinsurance-Nonproportional Assumed Liability	X X X	856,213		856,213	X X X	259,465		1,115,678	34,537
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	9,501		9,501	X X X	(167)		9,334	172
33. Aggregate write-ins for other lines of business									
34. TOTALS	22,931,505	35,928,794	22,931,505	35,928,794	11,252,311	20,899,753	11,252,311	56,828,547	11,638,987

DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)									

(a) Including \$ 0. for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,990,060			2,990,060
1.2 Reinsurance assumed	4,303,784			4,303,784
1.3 Reinsurance ceded	2,990,060			2,990,060
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	4,303,784			4,303,784
2. Commission and brokerage:				
2.1 Direct, excluding contingent		77,624		77,624
2.2 Reinsurance assumed, excluding contingent		643,385		643,385
2.3 Reinsurance ceded, excluding contingent		77,624		77,624
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed		355,068		355,068
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		998,453		998,453
3. Allowances to manager and agents		1		1
4. Advertising	38,116	362,498	128	400,742
5. Boards, bureaus and associations	8,969	96,008		104,977
6. Surveys and underwriting reports	25	93,488		93,513
7. Audit of assureds' records	20	3		23
8. Salary and related items:				
8.1 Salaries	2,116,268	3,952,938	29,952	6,099,158
8.2 Payroll taxes	102,715	279,921	1,149	383,785
9. Employee relations and welfare	342,810	926,732	1,519	1,271,061
10. Insurance	357,125	29,799	34	386,958
11. Directors' fees	12	881		893
12. Travel and travel items	141,070	307,767	430	449,267
13. Rent and rent items	128,330	341,848	464	470,642
14. Equipment	108,001	279,701	515	388,217
15. Cost or depreciation of EDP equipment and software	21,966	117,810	315	140,091
16. Printing and stationery	33,220	82,234	68	115,522
17. Postage, telephone and telegraph, exchange and express	86,954	249,425	1,166	337,545
18. Legal and auditing	14,716	79,795	2,664	97,175
19. Totals (Lines 3 to 18)	3,500,317	7,200,849	38,404	10,739,570
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 43,594		1,545,144		1,545,144
20.2 Insurance department licenses and fees		36,049		36,049
20.3 Gross guaranty association assessments		102,989		102,989
20.4 All other (excluding federal and foreign income and real estate)		113,078		113,078
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,797,260		1,797,260
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	6,749	338,007	4,154	348,910
25. Total expenses incurred	7,810,850	10,334,569	42,558	(a) 18,187,977
26. Less unpaid expenses-current year	11,638,984	3,360,223		14,999,207
27. Add unpaid expenses-prior year	10,216,078	3,721,303		13,937,381
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	6,387,944	10,695,649	42,558	17,126,151

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	(274,405)			(274,405)
2402. Other expenses	281,154	338,007	4,154	623,315
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	6,749	338,007	4,154	348,910

(a) Includes management fees of \$ 42,558 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 1,385,198	1,407,720
1.1 Bonds exempt from U.S. tax	(a) 9,718	9,701
1.2 Other bonds (unaffiliated)	(a) 4,494,598	4,531,849
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 134,204	142,062
7. Derivative instruments	(f)	
8. Other invested assets	31,678	31,678
9. Aggregate write-ins for investment income	12,270	12,270
10. Total gross investment income	6,067,665	6,135,279
11. Investment expenses		(g) 42,558
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		42,558
17. Net investment income (Line 10 minus Line 16)		6,092,721
DETAILS OF WRITE-INS		
0901. Miscellaneous Income/(Expense).....	12,270	12,270
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	12,270	12,270
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		
(a) Includes \$ 105,499 accrual of discount less \$ 241,594 amortization of premium and less \$ 42,634 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 4,118 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	385,021		(54,637)	330,384
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets	29,643			29,643
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	414,664		(54,637)	360,027
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	114,797	146,103	31,306
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		8,018	8,018
13.3 Accrued retrospective premiums	316,715	343,074	26,359
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	14,120	15,164	1,044
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	1,490,115	1,611,079	120,964
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	142,664	128,537	(14,127)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,078,411	2,251,975	173,564
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,078,411	2,251,975	173,564

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	105,450	103,401	(2,049)
2302. Amounts billed and receivable under high deductible	37,214	25,136	(12,078)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	142,664	128,537	(14,127)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Wisconsin, the accompanying financial statements of Wausau General Insurance Company (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual* (“APP Manual”).

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Investment grade short-term investments are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Investment grade bonds are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. The Company does not own common stocks.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset backed securities are stated at the lower of amortized value or fair value.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures, partnerships or limited liability companies.
9. Derivative instruments, refer to Note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property-Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2005.

Note 2- Accounting Changes and Correction of Errors

- A. There were no material changes in accounting principles or corrections of errors during the year.

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

The Company did not enter into any statutory purchases during the year.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not hold any mortgage loans as investments.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. The Company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available.
2. Prepayment assumptions for single class and multi-class mortgages-backed/asset-backed securities were based upon 1-month historical constant prepayment rates.
3. The Company used IDSI, Bloomberg, and Lehman Index data in determining the market value of the vast majority of its loan-backed securities. A small number of securities are priced in other ways, such as contacting brokers.
4. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

The Company did not enter into any repurchase agreements during the year.

F. Real Estate

The Company does not own real estate.

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

A. The Company has no investments in joint ventures, partnerships, or limited liability companies.

B. Impairments on joint ventures, partnerships, and limited liability companies.

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

All investment income due and accrued over 90 days past due is excluded from Surplus.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2005.

Note 8- Derivative Instruments

The Company was not a party to any derivative financial instruments during the year.

Note 9 - Income Taxes

A. The components of the net deferred tax assets and liabilities recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2005	December 31, 2004	Change
Total of gross deferred tax assets	5,428,000	5,094,171	333,829
Total of deferred tax liabilities	(631,000)	(601,171)	(29,829)
Net deferred tax asset	4,797,000	4,493,000	304,000
Net deferred tax asset non-admitted	(1,490,115)	(1,611,079)	120,964
Net admitted deferred tax asset	3,306,885	2,881,921	424,964

B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.

NOTES TO FINANCIAL STATEMENTS

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2005	2004
Federal tax on operations	726,183	230,416
Net operating loss benefit	0	(269,850)
Foreign tax on operations	0	0
Income tax incurred on operations	726,183	(39,434)
Tax on capital gains	145,133	300,904
Total income tax incurred	871,316	261,470

The Company’s deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation, fixed asset depreciation differences and statutory non-admitted assets.

The change in deferred income taxes is comprised of the following:

	2005
Change in net deferred income tax (without unrealized gain or loss)	284,877
Tax effect of unrealized (gains) losses	19,123
Total change in net deferred income tax	304,000

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, goodwill, revisions to prior year estimates, and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$814,000 from the current year and none from the preceding year.

The Company has no net loss carryforward available to offset future net income subject to Federal income taxes.

The Company has a minimum tax credit available of \$13,000 which does not expire.

F. The Company's Federal income tax return is consolidated with the following entities:

Access Insurance Services, Co.	Liberty International Holdings, Inc.
Ambco Capital Corporation	Liberty Life Assurance Company of Boston
America First Insurance Company	Liberty Life Holdings, Inc.
America First Lloyds Insurance Company	Liberty Lloyds of Texas Insurance Company
American Ambassador Casualty Company	Liberty Management Services, Inc.
Berkeley Holding Company Associates, Inc.	Liberty Mexico Holdings, Inc.
Berkeley Management Corporation	Liberty Mutual Fire Insurance Company
Bridgefield Casualty Insurance Company	Liberty Mutual Group Inc.
Bridgefield Employers Insurance Company	Liberty Mutual Holding Company, Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Insurance Company
Capitol Agency, Inc. (Ohio corporation)	Liberty Mutual Managed Care, Inc.
Capitol Agency, Inc. (Tennessee corporation)	Liberty Northwest Insurance Corporation
Cascade Disability Management, Inc.	Liberty Personal Insurance Company
Colorado Casualty Insurance Company	Liberty RE (Bermuda) Limited
Companies Agency Insurance Services of California	Liberty Real Estate Corporation
Companies Agency of Alabama, Inc.	Liberty Sponsored Insurance (Vermont) Inc.
Companies Agency of Georgia, Inc.	Liberty Surplus Insurance Corporation
Companies Agency of Kentucky, Inc.	Liberty-USA Corporation
Companies Agency of Massachusetts, Inc.	LIH-Re of America Corporation
Companies Agency of Michigan, Inc.	LIH U.S. P&C Corporation
Companies Agency of New York, Inc.	LIIA Insurance Agency, Inc.
Companies Agency of Pennsylvania, Inc.	LIU Specialty Agency, Inc.
Companies Agency of Phoenix, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency, Inc.	LM Insurance Corporation
Companies Annuity Agency of Texas, Inc.	LMHC Massachusetts Holding, Inc.
Consolidated Insurance Company	LRE Properties, Inc.
Copley Venture Capital, Inc.	Mid-American Agency, Inc.
Countrywide Services Corporation	Mid-American Fire and Casualty Company
Diversified Settlements, Inc.	Missouri Agency, Inc.
Employers Insurance Company of Wausau	North Pacific Insurance Company
Excelsior Insurance Company	Oregon Automobile Insurance Company
First State Agency, Inc.	Peerless Indemnity Insurance Company
Florida State Agency, Inc.	Peerless Insurance Company
Globe American Casualty Company	LM Personal Insurance Company
Golden Eagle Insurance Corporation	LM General Insurance Company
Gulf States AIF, Inc.	LM Property and Casualty Insurance Company
Hawkeye-Security Insurance Company	San Diego Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	State Agency, Inc. (Indiana corporation)
Helmsman Insurance Agency of Texas, Inc.	State Agency, Inc. (Wisconsin corporation)
Heritage-Summit Healthcare of Florida, Inc.	St. James Insurance Company
Indiana Insurance Company	Summit Consulting, Inc.
LEXCO Limited	Summit Consulting, Inc. of Louisiana
Liberty Assignment Corporation	Summit Holding Southeast, Inc.

NOTES TO FINANCIAL STATEMENTS

Liberty Energy Corporation	The First Liberty Insurance Corporation
Liberty Financial Services, Inc.	The Midwestern Indemnity Company
Liberty Hospitality Group, Inc.	The National Corporation
Liberty Insurance Company of America	The Netherlands Insurance Company
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Service Corporation
Liberty International Asia Pacific Holdings, Inc.	Wausau Underwriters Insurance Company

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Wausau Service Corporation, a Wisconsin company. Wausau Service Corporation is a wholly owned subsidiary of Liberty Mutual Insurance Company (the “Parent Company”), a Massachusetts company. Liberty Mutual Insurance Company is wholly owned by Liberty Mutual Group, Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are disclosed in Schedule Y Part 2.
- C. There have been no material changes in the terms of any intercompany agreements in 2005.
- D. At December 31, 2005, the Company reported \$162,403 net due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertakings for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. See Note 26 for information regarding intercompany pooling arrangement.

There is a “Service Agreement” between the Company and an affiliate, Liberty Mutual insurance Company (LMIC), under which LMIC provides the Company with services of personnel employed by the LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate. The Company also has an investment services agreement with LMIC. LMIC is reimbursed for the costs of all services which it provides under these agreements.

- E. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- F. The Company does not own shares of an upstream company, either directly or indirectly.
- G. The Company has no investments in subsidiary, controlled or affiliated companies.
- H. Not applicable

Note 11- Debt

Not applicable

Note 12- Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of an intercompany cost-sharing arrangement as described in note 10 F.

Note 13- Capital and Surplus, Dividend restrictions and Quasi-Reorganizations

1. The Company has 2,500,000 shares authorized, and 200,000 shares issued and outstanding as of December 31, 2005. All shares have a stated par value of \$10.
2. Preferred Stock

Not applicable
3. Dividend Restrictions

There are no dividend restrictions.
4. The maximum amount of dividends which can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of policyholders’ surplus, or (b) adjusted net income. The maximum dividend payout which may be made without prior approval in 2006 is \$4,186,473.
5. As of December 31, 2005, the Company has restricted surplus of \$4,699,083 resulting from retroactive reinsurance contracts.
6. The Company had no advances to surplus.

NOTES TO FINANCIAL STATEMENTS

7. The Company did not hold stock for special purposes.
8. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2005.
9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is (\$35,514).
10. Surplus Notes
Not applicable
11. Quasi re-organization (dollar impact)
Not applicable
12. Quasi re-organization (effective date)
Not applicable

Note 14- Contingencies

- A. Contingent Commitments

The Company has no commitments or contingent commitments to affiliates or other entities as indicated in Note 10E and the Company has made no guarantees on behalf of affiliates.
- B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$1,185,218 that is offset by future premium tax credits of \$226,707. This represents management’s best estimate based on information received from the states in which the Company writes business and may change due to factors including the company’s share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next ten years.

During 2005 there were no material insolvencies to report. The company continues to remit payments relating to prior year insolvencies.
- C. Gain Contingencies
Not applicable
- D. All other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

Note 15- Leases

- A. Aside from certain sale-leaseback transactions disclosed below, the Company is not involved in material lease arrangements.

The Company has entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all PP&E at the end of each respective lease. The Company’s minimum lease obligations under these agreements are as follows:

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2006	\$207,058	\$424,462
2007	129,090	338,500
2008	119,002	250,044
2009	98,543	184,564
2010	62,757	131,197
2011 & thereafter	0	636,746
Total	<u>\$616,450</u>	<u>\$1,965,513</u>

- B. Leasing as a significant part of lessor’s business activities
Not applicable

Note 16- Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The Company is not exposed to financial instruments with off-balance sheet risk or with concentrations of credit risk.

NOTES TO FINANCIAL STATEMENTS

Note 17- Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables reported as sales:

The Company did not have any transfers of receivables reported as sales.

B. Transfers and servicing of financial assets:

The Company participates in Securities lending program to generate additional income, whereby certain fixed income securities are loaned for a short period of time from the Company’s portfolio to qualifying third parties, via a lending agent. Borrowers of these securities provide collateral equal to or in excess of, 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 100% of the market value of the loaned securities. Under the terms of the securities lending program, the lending agent indemnifies the Company against borrower defaults. The loaned securities remain a recorded asset of the Company, however, the Company records a liability for the amount of collateral held, representing its obligation to return the collateral related to the loaned securities. At December 31, 2005, the total market value of fixed maturities loaned was \$10,323,773, with corresponding collateral value at \$10,561,552.

C. Wash Sales

The Company did not have any wash sales transactions during the year.

Note 18-Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was \$1,888. Claim payment volume was \$119,343.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19- Direct Premium Written/Produced by Managing General Agents/ Third Party Administrators

The Company has no direct premiums written through managing general agents or third party administrators.

Note 20 – September 11 Events

The Company has material exposure to losses arising from the World Trade Center disaster of September 11, 2001. The exposure arises from the property, workers’ compensation, auto, and surety policies and reinsurance contracts written by member companies of the Liberty Mutual Group. The Company shares in the losses via the inter-company pooling agreement. Although uncertainty about the final loss amount still exists, the losses are reasonably estimable and such estimate has been recorded. The Company believes that its reinsurers are financially sound and that reinsurance collectibility is not a significant issue or concern. The amounts recorded by the Company in this annual statement are as follows:

	Direct	Assumed	Gross	Ceded	Net
Paid Loss and ALAE	\$1,057,030	\$437,455	\$1,494,485	\$1,299,508	\$194,977
Loss and ALAE Reserves	545,269	82,888	628,157	449,749	178,408
Incurred Loss and ALAE	\$1,602,299	\$520,343	\$2,122,642	\$1,749,257	\$373,385

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$3,212,518 and \$5,679,149 as of December 31, 2005 and 2004, respectively, were on deposit with government authorities or trustees as required by law.

D. The Company routinely assesses the collectibility of its premium receivable. Based upon Company experience, amounts in excess of non-admitted amounts are not believed to be material.

E. Business Interruption Insurance Recoveries

The Company does not purchase Business Interruption coverage.

NOTES TO FINANCIAL STATEMENTS

F. Additional Pension and Postretirement Disclosure Requirements

Refer to Note 12.

Note 22- Events Subsequent

There were no events subsequent to December 31, 2005 that would require disclosure.

Note 23- Reinsurance

- A. Excluding amounts arising pursuant to the inter-company Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.
- B. There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company’s surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company’s surplus.
- C. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company’s assumed and ceded reinsurance were canceled as of December 31, 2005.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$16,797,204	\$66,734	\$4,096,158	\$16,274	\$12,701,046	\$50,460
All Other	0	0	0	0	0	0
Total	\$16,797,204	\$66,734	\$4,096,158	\$16,274	\$12,701,046	\$50,460

Direct Unearned Premium Reserve: \$4,096,158

Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2005 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$267,967	\$0	\$267,967
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(780,000)	0	(780,000)
Totals	\$0	\$(512,033)	\$0	\$(512,033)

The Company does not use protected cells as an alternative to traditional reinsurance.

- D. The Company has not written off any uncollectible balances in the current year.
- E. The Company has not recorded any commutations in the current year.
- F. The Company has one assumed retroactive contract as a result of the intercompany pooling arrangement with Liberty Mutual Insurance Company.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(8,774,626)	\$0
	2. Adjustment – Prior Year(s)	497,309	0
	3. Adjustment – Current Year	28,010	0
	4. Total	\$(8,249,307)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(3,836,202)	\$0
	2. Adjustment – Prior Year(s)	(155,792)	0
	3. Adjustment – Current Year	(180,692)	0
	4. Total	\$(4,172,686)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$(105,288)	\$0
	2. Adjustment – Prior Year(s)	(385,402)	0
	3. Adjustment – Current Year	(175,951)	0
	4. Total	\$(666,641)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$5,007,407	\$0
	2. Adjustment – Prior Year(s)	(267,699)	0
	3. Adjustment – Current Year	(40,625)	0
	4. Total	4,699,083	\$0
	5. Cumulative Total Transferred To Unassigned Funds	\$44,179	

NOTES TO FINANCIAL STATEMENTS

e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(8,249,307)	\$0

f. There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated non-admitted and charged to surplus.

Total accrued retro premium	\$3,133,118
Less: Non-admitted amount	316,715
Admitted amount	<u>\$2,816,403</u>

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred loss and loss adjustment expenses attributed to insured events of prior years has increased during 2005 primarily as a result of rising loss development trends in workers’ compensation and general liability. The increase also reflects the completion of the Company’s biennial ground-up asbestos reserve study in the third quarter. Refer to Note 33 for further details. Original estimates are revised as additional information becomes known regarding individual claims.

Note 26- Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Inter-Company Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	66.5%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	16.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	10.00%	All Lines
	Liberty Insurance Corporation (LIC)	42404	6.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LM Ins Corp)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FLIC)	33588	0.10%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Insurance Company of America (LICA)	10337	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSIC)	10725	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Lloyd’s of Texas Insurance Company (Lloyds)	11041	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the lead company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.

NOTES TO FINANCIAL STATEMENTS

- (b)

With the exception of LMGIC and LMPIC, each 100% Quota Share Affiliated company cedes its net underwriting activity to the lead company. LMGIC and LMPIC cede its net underwriting activity to LMPAC.
- (c)

After recording the assumed affiliate transactions noted above, the lead company records 100% of its external assumed and ceded reinsurance activity.
- (d)

The lead company’s remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company’s pool participation percentage, as noted above.
- (e)

There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f)

There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g)

The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

Note 27- Structured Settlements

- A.

As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$5,321,607 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$5,321,607 as of December 31, 2005.
- B.

A summary of purchased structured settlement annuities exceeding 1% of policyholders’ surplus and whereby the company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company & Location	Licensed in Company’s State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$2,173,601
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$2,144,661
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$661,976

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

As of December 31, 2005, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

Note 31- High Dollar Deductible Policies

As of December 31, 2005, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$16,755,081 and the amount billed and recoverable on paid claims was \$1,038,030.

Note 32- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2005, liabilities include \$13,673,392 of liabilities carried at a discounted value of \$8,398,164 representing a discount of \$5,275,228.

For all other lines, the Company does not discount its reserves for unpaid losses and loss adjustment expenses.

Note 33- Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from general liability policies written prior to the mid-1980’s. In establishing the Company’s asbestos and environmental reserves, the Company estimates case basis reserves for anticipated losses and bulk reserves for loss adjustment expenses and incurred but not reported losses. The Company maintained casualty excess of loss reinsurance during the relevant periods. The reserves are reported net of expected recoveries from reinsurers and include any reserves reported by ceding reinsurers on assumed reinsurance contracts.

NOTES TO FINANCIAL STATEMENTS

Upon their de-affiliation from the Nationwide Group and re-affiliation with the Liberty Mutual Insurance Company, EICOW, Wausau Business Insurance Company (“WBIC”), Wausau General Insurance Company (“WGIC”), and Wausau Underwriters Insurance Company (“WUIC”) entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for obligations on certain policies with effective dates prior to January 1, 1986, including all asbestos and environmental exposures.

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental losses and loss adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

In recent years the Company, as well as the industry generally, has witnessed a significant increase in the number of asbestos claims being filed, due to a number of variables, including more intensive advertising by lawyers seeking asbestos claimants, and the increasing focus by plaintiffs on new and previously peripheral defendants, attempts to broaden the interpretation of compensable loss, and courts expanding the scope of the coverage.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based upon historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment.

During the third quarter of 2005, the Company completed its biennial ground-up asbestos reserve study. As part of that review, a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel completed their comprehensive review of the Company’s asbestos exposure on a direct, assumed, and ceded basis including potential exposures of large policyholders that were individually evaluated using the company’s proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. Small policyholders were evaluated using aggregate methods that utilized information developed from the large policyholders. Additionally, a provision of pure IBNR was established for the potential emergence of first-time filers of future asbestos claims. Based on this internal study, the Company increased its asbestos reserves by \$812,000.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

As a direct result of the significant uncertainties associated with estimating its asbestos and environmental exposures and establishing appropriate levels of reserves, the ultimate liability of the Company for asbestos and environmental exposures may vary materially from the reserves currently recorded. The Company and other industry members have and will continue to litigate the broadening judicial interpretation of policy coverage and the liability issues. If the courts continue to expand the scope of the coverage provided, additional liabilities could emerge for amounts in excess of reserves held. This emergence, as well as the other uncertainties noted above, cannot now be reasonably estimated, but could have a material impact on the Company’s future operating results, and financial condition.

The table below summarizes reserve and loss activity for the Company’s asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years. Gross reserves for both asbestos and environmental are representative of all Liberty pooled companies. Net reserves for asbestos and environmental are allocated based on the Company’s Intercompany Reinsurance Agreement as discussed in Note 26.

<u>Asbestos:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct Basis					
Beginning Reserves	5,278,453	5,425,386	5,916,248	6,313,717	6,809,851
Incurred losses and LAE	1,023,981	1,653,313	1,708,064	1,648,295	2,216,955
Calendar year payments	877,048	1,162,451	1,310,595	1,152,161	1,033,805
Ending Reserves	5,425,386	5,916,248	6,313,717	6,809,851	7,993,001

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis

Beginning Reserves	300,495	435,946	747,828	1,049,035	1,958,363
Incurring losses and LAE	138,973	323,861	460,960	1,048,161	217,778
Calendar year payments	3,522	11,979	159,753	138,833	120,622
Ending Reserves	435,946	747,828	1,049,035	1,958,363	2,055,519

Net of Ceded Reinsurance Basis

Beginning Reserves	3,115,960	3,371,852	3,840,056	4,498,356	3,805,872
Incurring losses and LAE	711,420	1,161,312	1,252,012	14,128	877,475
Calendar year payments	455,528	693,108	593,712	706,611	513,924
Ending Reserves	3,371,852	3,840,056	4,498,356	3,805,872	4,169,423

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis					4,189,242
Assumed Reinsurance Basis					1,561,659
Net of Ceded Reinsurance Basis					1,780,011
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					2,949,742
Assumed Reinsurance Basis					18,221
Net of Ceded Reinsurance Basis					1,269,369

Environmental:

Direct Basis	2001	2002	2003	2004	2005
Beginning Reserves	2,871,639	2,281,068	1,786,015	1,286,821	2,840,721
Incurring losses and LAE	(317)	176,387	(219,506)	1,840,494	634,264
Calendar year payments	590,254	671,440	279,688	286,594	730,997
Ending Reserves	2,281,068	1,786,015	1,286,821	2,840,721	2,743,988

Assumed Reinsurance Basis

Beginning Reserves	446,249	443,836	471,469	223,667	283,540
Incurring losses and LAE	(43)	34,552	(225,290)	81,351	(48,921)
Calendar year payments	2,370	6,919	22,512	21,478	25,342
Ending Reserves	443,836	471,469	223,667	283,540	209,277

Net of Ceded Reinsurance Basis

Beginning Reserves	1,789,776	1,701,572	1,225,836	1,030,952	2,106,854
Incurring losses and LAE	358,164	(43,556)	(32,000)	1,263,944	2,037
Calendar year payments	446,368	432,180	162,884	188,042	401,605
Ending Reserves	1,701,572	1,225,836	1,030,952	2,106,854	1,707,286

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis					1,961,664
Assumed Reinsurance Basis					124,814
Net of Ceded Reinsurance Basis					1,091,041
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					1,091,040
Assumed Reinsurance Basis					4,262
Net of Ceded Reinsurance Basis					633,166

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

NOTES TO FINANCIAL STATEMENTS

Note 35 - Multiple Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	17,375,964	14.253	17,375,964	14.253
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	4,246,989	3.484	4,246,989	3.484
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	11,595,215	9.511	11,595,215	9.511
1.512 Issued or guaranteed by FNMA and FHLMC	30,186,660	24.762	30,186,660	24.762
1.513 All other	3,162,534	2.594	3,162,534	2.594
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	118,020	0.097	118,020	0.097
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other	224,990	0.185	224,990	0.185
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	48,051,914	39.416	48,051,914	39.416
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	5,134	0.004	5,134	0.004
8. Cash, cash equivalents and short-term investments	6,940,836	5.693	6,940,836	5.693
9. Other invested assets				
10. Total invested assets	121,908,256	100.000	121,908,256	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Wisconsin

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2004

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

11/07/2003

3.4

By what department or departments? State of Wisconsin Office of the Commissioner of Insurance

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒

6.2

If yes, give full information

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
200 Clarendon Street Boston, MA 02116

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Roy K. Morell
175 Berkeley Street Boston, MA 02117
Officer of Liberty Mutual Insurance Company

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

Yes [] No [X]

\$

11.2 If yes, provide explanation

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

12.3 Have there been any changes made to any of the trust indentures during the year?

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [X]

Yes [] No [X]

Yes [] No [] N/A [X]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

Yes [X] No []

Yes [X] No []

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$

\$

\$

\$

\$

\$

\$

\$

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

Yes [] No [X]

\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

18.22 Amount paid as expenses

18.23 Other amounts paid

\$

\$

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [X] No []

20.2 If no, give full and complete information, relating thereto

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes [X] No []

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

21.3 For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] N/A [X]

If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year.

\$

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
JP MORGAN CHASE	3 Chase Metro Tech Center, Brooklyn, NY 11245

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

1 6 . 2

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [☐] No [☒]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999	Total	

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	121,359,208	121,144,209	(214,999)
26.2 Preferred stocks			
26.3 Totals	121,359,208	121,144,209	(214,999)

26.4 Describe the sources or methods utilized in determining the fair values: IDC, Bloomberg, NAIC, SVO, Broker Quotes, Analytically Determined

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securittes Valuation Office been followed? Yes [☒] No [☐]

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 31,948

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Wisconsin Compensation Rating Bureau	\$ 25,380
	\$
	\$

29.1 Amount of payments for legal expenses, if any? \$

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$
- 30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

YES [] NO [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

\$

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

\$

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

\$

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

\$

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 565	\$ (27,556)
2.2 Premium Denominator	\$ 41,438,764	\$ 38,803,786
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 30,474	\$ 31,767
2.5 Reserve Denominator	\$ 85,264,736	\$ 79,912,722
2.6 Reserve Ratio (2.4/2.5)		

3.1

Does the reporting entity issue both participating and non-participating policies?

YES [] NO [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

\$

3.22

Non-participating policies

\$

4.

For Mutual Reporting Entities and Reciprocal Exchange only:

4.1

Does the reporting entity issue assessable policies?

YES [] NO [X]

4.2

Does the reporting entity issue non-assessable policies?

YES [] NO [X]

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

YES [] NO [X]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

YES [] NO [] N/A [X]

5.22

As a direct expense of the exchange

YES [] NO [] N/A [X]

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

YES [] NO [X]

5.5

If yes, give full information

17

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:	In 2005, the Company purchased a Workers' Compensation Catastrophe Treaty with limits of \$450M part of \$600M xs \$100M.	
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:	For its North American exposures, the Company employs industry recognized catastrophe modeling software to estimate the PML. For property exposures, we employ RiskLink v5.0 from RMS and AIR Classic/2 v7.0 from AIR. For WC, the Company utilizes RiskLink v5.0 from RMS.	
6.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?	In 2005, the Company purchased a Property Catastrophe Treaty with limits of \$860M part of \$1.15B xs \$250M.	
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?		YES ☒ NO ☐
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss		
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?		YES ☒ NO ☐
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.		1
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?		YES ☒ NO ☐
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?		YES ☐ NO ☒
8.2	If yes, give full information		
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results: (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) Aggregate stop loss reinsurance coverage; (d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party; (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.		YES ☐ NO ☒
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where: (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.		YES ☐ NO ☒
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatroy 9: (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income; (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?		YES ☐ NO ☒
9.5	If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.		
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?		YES ☒ NO ☐ N/A ☐
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force:		YES ☐ NO ☒
11.2	If yes, give full information		

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses

12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$ 6,718,433

\$ 1,051,104

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$ 1,683,991

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

YES [X] NO [] N/A []

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From

12.42 To

5.500 %

6.000 %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

YES [X] NO []

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit

12.62 Collateral and other funds

\$ 29,532,463

\$ 2,303,917

13.1 What amount of installment notes is owned and now held by the reporting entity?

\$

13.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

YES [] NO [X]

13.3 If yes, what amount?

\$

14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$ 406,234

14.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

YES [X] NO []

14.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

1

15.1 Is the company a cedant in a multiple cedant reinsurance contract?

YES [X] NO []

15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.

15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

YES [] NO [X]

15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements?

YES [X] NO []

15.5 If the answer to 15.4 is no, please explain:

16.1 Has the reporting entity guaranteed any financed premium accounts?

YES [] NO [X]

16.2 If yes, give full information

17.1 Does the reporting entity write any warranty business?

YES [] NO [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$	\$	\$	\$	\$
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5.

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.12 Unfunded portion of Interrogatory 18.11

18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11

18.14 Case reserves portion of Interrogatory 18.11

18.15 Incurred but not reported portion of Interrogatory 18.11

18.16 Unearned premium portion of Interrogatory 18.11

18.17 Contingent commission portion of Interrogatory 18.11

YES [] NO [X]

\$

\$

\$

\$

\$

\$

\$

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

18.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.19 Unfunded portion of Interrogatory 18.18

18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18

18.21 Case reserves portion of Interrogatory 18.18

18.22 Incurred but not reported portion of Interrogatory 18.18

18.23 Unearned premium portion of Interrogatory 18.18

18.24 Contingent commission portion of Interrogatory 18.18

\$

\$

\$

\$

\$

\$

\$

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2005	2 2004	3 2003	4 2002	5 2001
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	47,489,000	42,783,943	28,819,942	28,071,682	22,093,305
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,215,228	7,004,152	6,523,181	6,120,086	5,642,564
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	6,091,598	5,545,239	5,807,645	4,755,488	4,135,166
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	798,674	546,792	707,307	2,152,201	2,186,750
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	328,210	483,834	885,678	582,214	181,576
6. Total (Line 34)	61,922,710	56,363,960	42,743,753	41,681,671	34,239,361
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	27,950,653	26,161,037	23,035,920	20,098,602	17,493,150
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,215,228	7,004,152	6,522,957	6,119,869	5,641,214
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	6,091,598	5,522,375	5,765,721	4,715,652	4,090,968
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	798,674	546,792	707,307	2,152,201	2,186,750
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	328,210	483,834	885,678	582,214	181,576
12. Total (Line 34)	42,384,363	39,718,190	36,917,583	33,668,538	29,593,658
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(3,135,398)	(3,008,122)	(3,509,651)	(2,771,867)	(9,496,790)
14. Net investment gain (loss) (Line 11)	6,362,253	6,896,244	6,673,262	7,364,344	7,718,373
15. Total other income (Line 15)	(432,214)	(736,966)	(902,694)	(503,048)	2,923,074
16. Dividends to policyholders (Line 17)	144,432	157,730	(9,605)	259,503	309,041
17. Federal and foreign income taxes incurred (Line 19)	726,183	261,470	1,104,280	818,106	(65,089)
18. Net income (Line 20)	1,924,026	2,731,956	1,166,242	3,011,820	900,705
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	145,410,243	141,579,915	133,146,729	137,111,781	120,309,950
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	2,797,366	2,685,559	3,541,675	3,503,385	3,127,293
20.2 Deferred and not yet due (Line 13.2)	8,279,130	7,663,113	6,160,795	5,181,700	4,172,548
20.3 Accrued retrospective premiums (Line 13.3)	2,816,403	3,067,317	3,186,377	2,797,882	2,884,204
21. Total liabilities excluding protected cell business (Page 3, Line 24)	91,604,407	90,190,872	84,298,391	89,307,860	76,448,625
22. Losses (Page 3, Lines 1 and 2)	56,828,547	53,560,966	52,749,271	49,802,757	51,635,317
23. Loss adjustment expenses (Page 3, Line 3)	11,638,987	10,216,078	10,430,663	9,491,698	10,023,624
24. Unearned premiums (Page 3, Line 9)	16,797,204	16,135,678	15,341,077	12,902,689	11,024,823
25. Capital paid up (Page 3, Lines 28 & 29)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	53,805,836	51,389,043	48,848,338	47,803,921	43,861,325
Risk-Based Capital Analysis					
27. Total adjusted capital	53,805,837	51,389,043	48,848,338	47,803,921	43,861,325
28. Authorized control level risk-based capital	5,300,485	5,438,536	5,020,457	4,548,173	4,299,407
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	94.3	91.4	92.9	84.6	87.8
30. Stocks (Lines 2.1 & 2.2)					
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	5.7	7.8	5.9	15.4	12.2
34. Contract loans (Line 6)				XXX	XXX
35. Other invested assets (Line 7)		0.9	1.0		
36. Receivables for securities (Line 8)			0.3		
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)	(35,514)		169,310	(72,334)	152,719
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	2,416,794	2,540,705	1,044,417	3,942,596	1,159,786
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	24,020,621	23,021,571	19,645,553	23,539,510	26,253,044
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,678,338	3,104,219	3,049,194	3,057,076	3,505,080
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,858,590	3,575,828	2,400,849	6,262,594	3,574,316
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	212,640	2,034,420	1,181,869	1,735,885	1,493,153
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	437,119	19,888	407,207	422,466	288,157
55. Total (Line 34)	32,207,308	31,755,926	26,684,672	35,017,531	35,113,750
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	14,948,241	16,243,989	13,614,246	15,705,522	15,454,719
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,678,338	3,104,219	3,049,194	3,057,076	3,505,080
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,858,590	3,575,828	2,376,906	2,671,744	3,134,066
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	212,640	2,034,420	1,181,869	1,735,885	1,493,153
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	437,119	19,888	407,207	422,466	288,157
61. Total (Line 34)	23,134,928	24,978,344	20,629,422	23,592,693	23,875,175
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	63.8	66.5	66.4	68.6	89.1
64. Loss expenses incurred (Line 3)	18.8	16.3	19.1	16.4	17.0
65. Other underwriting expenses incurred (Line 4)	24.9	25.0	24.5	23.7	26.3
66. Net underwriting gain (loss) (Line 8)	(7.6)	(7.8)	(10.0)	(8.8)	(32.4)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	25.4	26.2	25.7	23.8	16.2
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.6	82.8	85.5	85.1	106.1
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	78.8	77.3	75.6	70.4	67.5
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	2,045	1,376	2,934	2,441	4,836
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	4.0	2.8	6.1	5.6	11.3
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	5,348	6,597	6,163	9,257	6,349
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	10.9	13.8	14.1	21.7	14.4

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	28,971,179	29,193,533	29,047,975	28,267,366
	2. Canada				
	3. Other Countries				
	4. Totals	28,971,179	29,193,533	29,047,975	28,267,366
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	34,551,669	34,001,984	34,535,003	34,785,443
	14. Canada				
	15. Other Countries				
	16. Totals	34,551,669	34,001,984	34,535,003	34,785,443
Public Utilities (unaffiliated)	17. United States	4,651,713	4,508,850	4,681,906	4,500,000
	18. Canada				
	19. Other Countries				
	20. Totals	4,651,713	4,508,850	4,681,906	4,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	44,281,078	44,586,960	44,565,524	43,688,396
	22. Canada	2,006,811	1,954,300	2,009,060	2,000,000
	23. Other Countries	499,836	501,700	493,550	500,000
	24. Totals	46,787,725	47,042,960	47,068,134	46,188,396
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	114,962,286	114,747,327	115,333,018	113,741,205
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	114,962,286	114,747,327	115,333,018	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	111,483,651	7. Amortization of premium	241,594
2. Cost of bonds and stocks acquired, Column 7, Part 3	24,898,958	8. Foreign Exchange Adjustment:	
3. Accrual of discount	105,499	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1	(54,637)	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	114,962,286
4.4 Column 11 - 13, Part 4	(54,637)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	385,021	11. Subtotal (Lines 9 plus 10)	114,962,286
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	21,614,612	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	114,962,286

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY
(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred		Premiums Earned			Loss and Loss Expense Payments								12
		1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
					4	5	6	7	8	9			
		Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1.	Prior	X X X	X X X	X X X	2,916	936	1,214	482	258	77	34	2,893	X X X
2.	1996	34,699	5,150	29,549	25,043	3,531	1,915	156	2,651	(19)	856	25,941	X X X
3.	1997	33,835	4,213	29,622	25,284	3,330	2,262	231	2,744	15	848	26,714	X X X
4.	1998	35,675	4,298	31,377	28,731	3,579	2,297	215	3,059	29	980	30,264	X X X
5.	1999	35,416	5,095	30,321	28,710	3,910	2,383	296	3,103	49	944	29,941	X X X
6.	2000	37,350	6,036	31,314	28,153	4,717	2,207	299	2,957	38	718	28,263	X X X
7.	2001	38,790	6,246	32,544	26,708	5,822	1,857	287	2,797	28	840	25,225	X X X
8.	2002	44,289	8,367	35,922	23,729	3,663	1,483	160	3,155	23	1,309	24,521	X X X
9.	2003	49,321	11,203	38,118	20,662	4,120	1,210	70	3,266	23	1,281	20,925	X X X
10.	2004	51,307	12,505	38,802	17,418	4,150	730	84	3,153	159	1,140	16,908	X X X
11.	2005	52,840	11,401	41,439	12,002	1,726	278	33	2,602	153	695	12,970	X X X
12.	Totals	X X X	X X X	X X X	239,356	39,484	17,836	2,313	29,745	575	9,645	244,565	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	19,930	5,910	8,946	6,550	1,085	905	4,706	1,993	575		78	19,884	X X X
2. 1996	1,062	183	236	164	15	1	75	14	18		5	1,044	X X X
3. 1997	1,381	202	263	133	112	74	112	24	25		8	1,460	X X X
4. 1998	1,920	279	309	223	32	3	176	37	124		13	2,019	X X X
5. 1999	2,159	512	486	287	55	12	219	71	72		21	2,109	X X X
6. 2000	2,403	724	708	491	60	14	216	69	42		31	2,131	X X X
7. 2001	3,303	1,728	1,085	622	118	66	359	138	100		59	2,411	X X X
8. 2002	3,776	1,928	1,949	1,366	100	29	553	113	139		89	3,081	X X X
9. 2003	3,995	1,029	3,446	2,279	131	33	998	204	197		153	5,222	X X X
10. 2004	5,073	1,508	7,987	2,893	157	41	1,728	368	418		310	10,553	X X X
11. 2005	8,760	3,831	15,560	5,068	156	32	2,585	395	923	106	875	18,552	X X X
12. Totals	53,762	17,834	40,975	20,076	2,021	1,210	11,727	3,426	2,633	106	1,642	68,466	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	16,416	3,468
2. 1996	31,015	4,030	26,985	89.383	78.252	91.323			0.400	951	93
3. 1997	32,183	4,009	28,174	95.117	95.158	95.112			0.400	1,309	151
4. 1998	36,648	4,365	32,283	102.727	101.559	102.887			0.400	1,727	292
5. 1999	37,187	5,137	32,050	105.001	100.824	105.702			0.400	1,846	263
6. 2000	36,746	6,352	30,394	98.383	105.235	97.062			0.400	1,896	235
7. 2001	36,327	8,691	27,636	93.650	139.145	84.919			0.400	2,038	373
8. 2002	34,884	7,282	27,602	78.764	87.032	76.839			0.400	2,431	650
9. 2003	33,905	7,758	26,147	68.744	69.249	68.595			0.400	4,133	1,089
10. 2004	36,664	9,203	27,461	71.460	73.595	70.772			0.400	8,659	1,894
11. 2005	42,866	11,344	31,522	81.124	99.500	76.068			0.400	15,421	3,131
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	56,827	11,639

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1.
 The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P-PART 2-SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior	53,919	54,208	52,943	50,656	49,632	52,202	54,073	56,026	58,504	60,583	2,079	4,557
2. 1996	24,700	23,608	23,682	23,830	24,109	24,050	24,043	24,040	24,307	24,518	211	478
3. 1997	X X X	23,507	23,394	24,264	24,657	25,126	25,150	25,192	25,489	25,699	210	507
4. 1998	X X X	X X X	25,855	26,755	27,409	28,270	28,565	28,785	29,113	29,479	366	694
5. 1999	X X X	X X X	X X X	25,447	26,243	27,236	27,937	28,443	28,668	29,210	542	767
6. 2000	X X X	X X X	X X X	X X X	24,476	25,606	25,772	26,640	27,354	27,627	273	987
7. 2001	X X X	X X X	X X X	X X X	X X X	25,217	24,568	25,003	24,643	24,873	230	(130)
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	25,012	23,610	23,640	24,403	763	793
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	26,146	23,544	22,841	(703)	(3,305)
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	26,252	24,327	(1,925)	X X X
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	28,619	X X X	X X X
12. Totals											2,045	5,348

SCHEDULE P-PART 3-SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	000	9,872	17,132	21,492	25,006	27,050	30,342	32,943	35,564	38,276	X X X	X X X
2. 1996	10,307	15,005	17,626	19,617	20,946	21,814	22,348	22,626	22,980	23,271	X X X	X X X
3. 1997	X X X	9,481	14,315	17,555	19,889	21,436	22,436	23,047	23,651	23,985	X X X	X X X
4. 1998	X X X	X X X	10,378	16,655	20,371	23,118	24,698	25,776	26,608	27,234	X X X	X X X
5. 1999	X X X	X X X	X X X	10,311	16,389	20,207	22,921	24,751	26,044	26,887	X X X	X X X
6. 2000	X X X	X X X	X X X	X X X	10,814	16,977	20,200	22,426	24,451	25,344	X X X	X X X
7. 2001	X X X	X X X	X X X	X X X	X X X	11,388	17,178	20,049	21,768	22,456	X X X	X X X
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	10,717	16,422	19,749	21,389	X X X	X X X
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	9,889	15,112	17,682	X X X	X X X
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	9,050	13,914	X X X	X X X
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	10,521	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	23,162	18,521	13,895	9,258	8,011	6,442	4,829	4,774	3,996	5,288
2. 1996	8,254	4,276	2,427	1,473	1,102	740	369	155	245	195
3. 1997	X X X	7,757	3,795	2,242	1,491	1,206	682	334	310	318
4. 1998	X X X	X X X	8,375	3,757	2,150	1,279	939	435	446	371
5. 1999	X X X	X X X	X X X	8,269	3,925	1,960	1,195	693	542	491
6. 2000	X X X	X X X	X X X	X X X	6,776	2,595	1,144	783	628	451
7. 2001	X X X	X X X	X X X	X X X	X X X	7,057	2,886	1,727	885	715
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	7,549	2,981	1,345	1,014
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	10,829	4,452	2,035
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	11,952	6,669
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,005

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

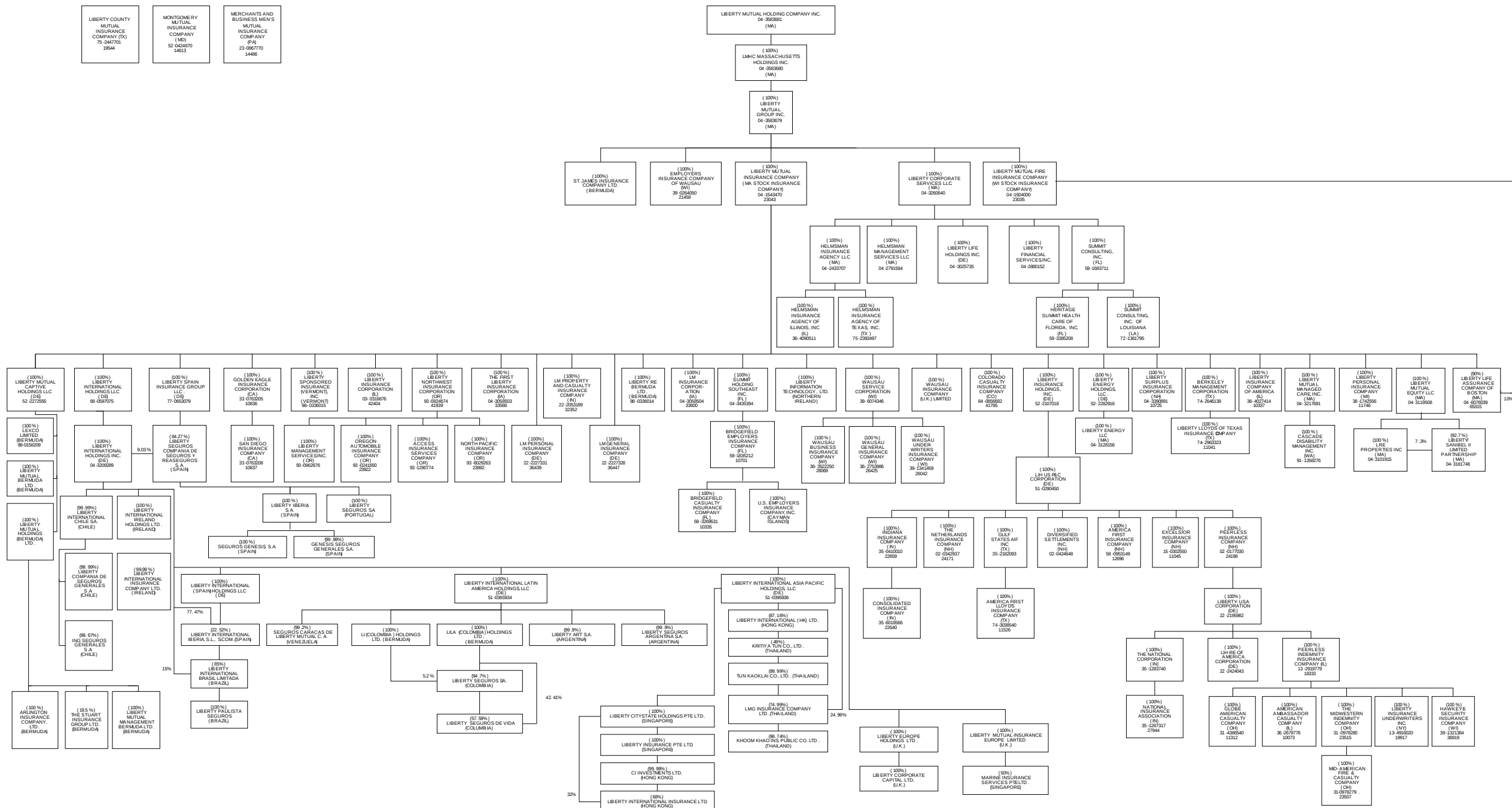
Allocated by States and Territories

States, Etc.		1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
			2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	NO								
2. Alaska	AK	NO								
3. Arizona	AZ	NO								
4. Arkansas	AR	NO								
5. California	CA	NO								
6. Colorado	CO	NO								
7. Connecticut	CT	NO								
8. Delaware	DE	NO								
9. Dist. Columbia	DC	NO								
10. Florida	FL	NO								
11. Georgia	GA	YES	205,887	156,981		3,820	(8,258)	83,681		
12. Hawaii	HI	NO								
13. Idaho	ID	NO								
14. Illinois	IL	YES	4,404,921	4,237,489		2,509,820	5,002,814	13,606,413		
15. Indiana	IN	NO								
16. Iowa	IA	NO								
17. Kansas	KS	YES	638,172	497,688		28,419	241,589	221,234		
18. Kentucky	KY	NO								
19. Louisiana	LA	NO		7,621			(999)	7,501		
20. Maine	ME	NO								
21. Maryland	MD	NO								
22. Massachusetts	MA	YES		(12,675)		5,509	2,853	35,424		
23. Michigan	MI	NO								
24. Minnesota	MN	NO								
25. Mississippi	MS	NO								
26. Missouri	MO	NO								
27. Montana	MT	NO								
28. Nebraska	NE	NO								
29. Nevada	NV	NO								
30. New Hampshire	NH	NO								
31. New Jersey	NJ	NO				16,804		269,241		
32. New Mexico	NM	NO								
33. New York	NY	YES	668,507	997,628		451,997	434,249	3,377,930		
34. No. Carolina	NC	NO								
35. No. Dakota	ND	NO								
36. Ohio	OH	YES					9	10		
37. Oklahoma	OK	NO								
38. Oregon	OR	YES		1			(17)	2		
39. Pennsylvania	PA	NO								
40. Rhode Island	RI	NO								
41. So. Carolina	SC	NO								
42. So. Dakota	SD	NO				(50)	(50)			
43. Tennessee	TN	YES	223,205	166,721		189,468	1,008,138	869,496		
44. Texas	TX	NO		523		368,607	331,697	2,138,953		
45. Utah	UT	NO								
46. Vermont	VT	NO								
47. Virginia	VA	NO				(36,442)	(36,442)	(29)		
48. Washington	WA	NO								
49. West Virginia	WV	NO								
50. Wisconsin	WI	YES	13,397,655	14,100,728	2,224,235	5,534,427	10,508,747	13,573,745		
51. Wyoming	WY	NO								
52. American Samoa	AS	NO								
53. Guam	GU	NO								
54. Puerto Rico	PR	NO								
55. U.S. Virgin Islands	VI	NO								
56. Canada	CN	NO								
57. Aggregate other alien	OT	X X X		(3)			(9)	215		
58. Totals	(a)	9	19,538,347	20,152,702	2,224,235	9,072,379	17,484,321	34,183,816		

DETAILS OF WRITE-INS									
5701. Other alien	X X X		(3)			(9)	215		
5702.	X X X								
5703.	X X X								
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X								
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	X X X		(3)			(9)	215		

Explanation of basis of allocation of premiums by states, etc.	
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	
*States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation	*Location of Court - Surety
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Address of Assured - Other Accident and Health
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity	*Location of Properties covered - Burglary and Theft
*Point of origin of shipment or principal location of assured - Inland Marine	*Principal Location of Assured - Ocean Marine, Credit
*State in which employees regularly work - Group Accident and Health	*Primary residence of Assured - Aircraft (all perils)

(a) Insert the number of yes responses except for Canada and Other Alien.



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation
ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS				
0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS				
2304. Amounts billed and receivable under high deductible	1,038,030	37,214	1,000,816	926,672
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	1,038,030	37,214	1,000,816	926,672

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation
LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES		
2304. Pooled retroactive reinsurance	(9,029,307)	(8,840,663)
2305.		
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	(9,029,307)	(8,840,663)
REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR SPECIAL SURPLUS FUNDS		
2704.		
2705.		
2706.		
2707.		
2708.		
2709.		
2710.		
2711.		
2712.		
2713.		
2714.		
2715.		
2716.		
2717.		
2718.		
2719.		
2720.		
2721.		
2722.		
2723.		
2724.		
2725.		
2797. Totals (Lines 2704 through 2725) (Page 3, Line 2798)		
REMAINING WRITE-INS AGGREGATED AT LINE 30 FOR OTHER THAN SPECIAL SURPLUS FUNDS		
3004.		
3005.		
3006.		
3007.		
3008.		
3009.		
3010.		
3011.		
3012.		
3013.		
3014.		
3015.		
3016.		
3017.		
3018.		
3019.		
3020.		
3021.		
3022.		
3023.		
3024.		
3025.		
3097. Totals (Lines 3004 through 3025) (Page 3, Line 3098)		